

State of Arizona
House of Representatives
Forty-seventh Legislature
Second Regular Session
2006

HOUSE BILL 2560

AN ACT

AMENDING SECTION 43-1088, ARIZONA REVISED STATUTES; RELATING TO INDIVIDUAL INCOME TAX CREDITS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:
2 Section 1. Section 43-1088, Arizona Revised Statutes, is amended to
3 read:

4 43-1088. Credit for contribution to charitable organization
5 that provides assistance to the working poor;
6 definitions

7 A. For taxable years beginning from and after December 31, ~~1997~~ 2006,
8 a credit is allowed against the taxes imposed by this title for voluntary
9 cash contributions made by the taxpayer during the taxable year to a
10 qualifying charitable organization ~~as determined pursuant to subsection F of~~
~~this section~~, but not exceeding:

11 1. Two hundred dollars in any taxable year for a single individual or
12 a head of household.

13 2. Three hundred dollars in taxable year 2005 for a married couple
14 filing a joint return.

15 3. Four hundred dollars in taxable year 2006 and any subsequent
16 ~~TAXABLE~~ year for a married couple filing a joint return.

17 B. A husband and wife who file separate returns for a taxable year in
18 which they could have filed a joint return may each claim only one-half of
19 the tax credit that would have been allowed for a joint return.

20 C. If the allowable tax credit exceeds the taxes otherwise due under
21 this title on the claimant's income, or if there are no taxes due under this
22 title, the taxpayer may carry forward the amount of the claim not used to
23 offset the taxes under this title for not more than five consecutive taxable
24 years' income tax liability.

25 D. The credit allowed by this section is in lieu of a deduction
26 pursuant to section 170 of the internal revenue code and taken for state tax
27 purposes.

28 E. Taxpayers taking a credit authorized by this section shall provide
29 the name of the qualifying charitable organization and the amount of the
30 contribution to the department of revenue on forms provided by the
31 department.

32 F. ~~The credit under this section applies only to contributions to~~
33 ~~qualifying charitable organizations that exceed the total amount deducted~~
34 ~~pursuant to section 170 of the internal revenue code in the taxpayer's~~
35 ~~baseline year. The taxpayer's baseline year is:~~

36 1. ~~The 1996 taxable year if the taxpayer deducted charitable~~
37 ~~contributions pursuant to section 170 of the internal revenue code in the~~
38 ~~1996 taxable year.~~

39 2. ~~If the taxpayer did not deduct charitable contributions pursuant to~~
40 ~~section 170 of the internal revenue code in the 1996 taxable year, the~~
41 ~~taxpayer's baseline year is the first taxable year after 1996 that the~~
42 ~~taxpayer deducted charitable contributions pursuant to section 170 of the~~
43 ~~internal revenue code.~~

1 ~~G.~~ F. A qualifying charitable organization shall provide the
2 department of revenue with a written certification that it meets all criteria
3 to be considered a qualifying charitable organization. The organization
4 shall also notify the department of any changes that may affect the
5 qualifications under this section. ~~The department shall compile and make
6 available to the public a list of the qualifying organizations.~~

7 G. THE CHARITABLE ORGANIZATION'S WRITTEN CERTIFICATION SHALL BE SIGNED
8 BY AN OFFICER OF THE ORGANIZATION AND SIGNED UNDER PENALTIES OF PERJURY. THE
9 WRITTEN CERTIFICATION SHALL INCLUDE THE FOLLOWING:

10 1. VERIFICATION OF THE ORGANIZATION'S STATUS UNDER 501(c)(3) OF THE
11 INTERNAL REVENUE CODE, OR VERIFICATION THAT THE ORGANIZATION IS A DESIGNATED
12 COMMUNITY ACTION AGENCY THAT RECEIVES COMMUNITY SERVICES BLOCK GRANT PROGRAM
13 MONIES PURSUANT TO 42 UNITED STATES CODE SECTION 9901.

14 2. FINANCIAL DATA INDICATING THE ORGANIZATION'S BUDGET FOR THE
15 ORGANIZATION'S PRIOR OPERATING YEAR AND THE AMOUNT OF THAT BUDGET SPENT ON
16 SERVICES TO RESIDENTS OF THIS STATE WHO RECEIVE TEMPORARY ASSISTANCE FOR
17 NEEDY FAMILIES BENEFITS OR WHO ARE LOW INCOME RESIDENTS OF THIS STATE.

18 3. A STATEMENT THAT THE ORGANIZATION PLANS TO CONTINUE SPENDING AT
19 LEAST FIFTY PER CENT OF ITS BUDGET ON SERVICES TO RESIDENTS OF THIS STATE WHO
20 RECEIVE TEMPORARY ASSISTANCE FOR NEEDY FAMILIES BENEFITS OR WHO ARE LOW
21 INCOME RESIDENTS OF THIS STATE.

22 H. THE DEPARTMENT SHALL REVIEW EACH WRITTEN CERTIFICATION AND
23 DETERMINE WHETHER THE ORGANIZATION MEETS ALL THE CRITERIA TO BE CONSIDERED A
24 QUALIFYING CHARITABLE ORGANIZATION AND NOTIFY THE ORGANIZATION OF ITS
25 DETERMINATION. THE DEPARTMENT MAY ALSO PERIODICALLY REQUEST RECERTIFICATION
26 FROM THE ORGANIZATION. THE DEPARTMENT SHALL COMPILE AND MAKE AVAILABLE TO
27 THE PUBLIC A LIST OF THE QUALIFYING ORGANIZATIONS.

28 ~~H.~~ I. For the purposes of this section:

29 1. "Low income residents" means persons whose household income is less
30 than one hundred fifty per cent of the federal poverty level.

31 2. "Qualifying charitable organization" means a charitable
32 organization that is exempt from federal income taxation under section
33 501(c)(3) of the internal revenue code or is a designated community action
34 agency that receives community services block grant program monies pursuant
35 to 42 United States Code section 9901. The organization must spend at least
36 fifty per cent of its budget on services to residents of this state who
37 receive temporary assistance for needy families benefits or low income
38 residents of this state and their households. Taxpayers choosing to make
39 donations through an umbrella charitable organization that collects donations
40 on behalf of member charities shall designate that the donation be directed
41 to a member charitable organization that would qualify under this section on
42 a stand-alone basis.

1 3. "Services" means cash assistance, medical care, child care, food,
2 clothing, shelter, job placement and job training services or any other
3 assistance that is reasonably necessary to meet immediate basic needs and
4 that is provided and used in this state.

5 Sec. 2. Recertification process

6 All charitable organizations that have previously submitted a written
7 certification shall send the department of revenue another written
8 certification containing all of the information required under section
9 43-1088, subsection G, Arizona Revised Statutes, as amended by this act. The
10 department of revenue shall determine whether the organization meets all the
11 criteria to be considered a qualifying charitable organization and notify the
12 organization of its determination. An organization that fails to send in the
13 written certification shall no longer qualify as a qualifying organization
14 and the department of revenue shall remove the organization from the
15 department of revenue's published list. An organization that fails to comply
16 with this section may be added to the department of revenue's list if, at a
17 later date, it submits a written certification that complies with section
18 43-1088, subsections F and G, Arizona Revised Statutes, and the department of
19 revenue determines that the organization is a qualifying organization.

20 Sec. 3. Effective date

21 This act is effective for taxable years beginning from and after
22 December 31, 2006.